MEETING OF THE
STATE BOARD FOR FINANCING WATER PROJECTS

Summary Minutes

Thursday, December 13, 2007
9:30 AM
The Bryan Building
901 S. Stewart Street – 2nd floor Tahoe Hearing Room
Carson City, Nevada 89701

Members Present:

Bruce Scott, Chairman
Brad Goetsch, Vice Chairman
Don Ahern
Bob Firth
Steve Walker
Jennifer Carr (Ex-officio member)

A. INTRODUCTION AND ROLL CALL (Non Action)

Chairman Scott called the meeting to order at 9:30 a.m. At the Chairman's invitation, Board members introduced themselves. Mr. Walker, as a new member, added some biographic and professional information: He is a resident of Minden and a consultant with a variety of water and water resource clients. He grew up near Jarbidge, worked for the U.S Forest and Soil Conservation Services in Nevada, and was a water planner for Washoe County for five years.

Others present associated with the Board included Nhu Nguyen, Deputy Attorney General and Counsel to the Board, Dave Emme, Adele Basham, Michelle Stamates, Dana Tuttle and Marcy McDermott (NDEP), and Robert Pearson (NDEP), Recording Secretary.

B. ELECT BOARD CHAIRMAN & VICE CHAIRMAN (Action)

Motion: Mr. Firth nominated Bruce Scott to serve as Chairman of the Board, and was seconded by Mr. Goetsch. When there were no further nominations, the vote was unanimous in favor.

Motion: Mr. Firth, seconded by Mr. Walker, nominated Brad Goetsch to serve as Vice Chairman, and this nomination was also approved unanimously.

Chairman Scott now moved down the agenda to:

C. APPROVAL OF MINUTES – SEPTEMBER 20, 2007 MEETING (Action)

There were no amendments or corrections to the minutes of the September 20, 2007 meeting.

Motion: Mr. Goetsch moved that the minutes be approved as presented, and was seconded by Mr. Firth. The vote was unanimous in favor (Mr. Walker abstaining).

Chairman Scott now moved down the agenda to:

D. SET A DATE FOR THE NEXT BOARD MEETING IN MARCH (Action)

After discussion of members' schedules, the date of March 20, 2008, was set for the next meeting of the Board. The meeting start time was changed to 9:00 a.m.

Chairman Scott now moved down the agenda to:

E. FINANCIAL REPORT – Bond authority, affordability, future funding outlook (Non Action)

1. NDEP

Dave Emme of NDEP provided background on cash flow and a possible cash flow issue that would be alleviated in cooperation with the State Treasurer's office. He also provided some suggestions to avoid future cash flow problems.

In March 2007, cash flow projections were provided to the Treasurer for project needs in the 2008-09 biennium. He noted that these projections, provided by various state entities, are used to determine the State's debt capacity and the allocation of funds to the programs such as that overseen by the Board. The financial reports provided to the Board at previous meetings are a "snapshot in time" of the allocation of the $125 million bond authority provided in statute. Mr. Emme said that neither projections nor numbers on cash flow relevant to the state's debt capacity were previously included. The Treasurer's office staff would talk more about this in a moment.

About a year and a half ago, the projected need was $22.6 million for this biennium, but now the projection is that much just for this fiscal year. Three factors contributed to this: first, we started this year in something of a hole because in the previous year there were delays in receiving proceeds of bond sales and the Treasurer's office arranged a temporary loan of $4 million from future proceeds, all of which would be paid back; second, the pace at which projects proceed affects the timing of disbursal of funds and some projects like

the Walker River Irrigation District had delays and are now looking at receiving most of their grant reimbursements in a single season, which is a large cash flow demand that was not anticipated a year ago; third, there have been unanticipated needs like the dam failure in Pershing County. Together these three things created a spike in reimbursement requests. Without help from the Treasurer's office we might not be able to award grants in the next fiscal year and may possibly delay projects that have been approved by the Board.

He added that Dana Tuttle would give a financial report.

Dana Tuttle, Administrative Services Officer for the Office of Financial Assistance, NDEP, presented a financial report that she described as more detailed than those presented in previous Board meetings. The text of her memo to the Board is included in **Appendix 1**. In brief, she identified $13.6 million needed for already approved projects, and an additional 8 million for seven critical arsenic projects. Mr. Goetsch asked for clarification on whether this included projects that are identified as critical arsenic projects and have already applied or systems that have not, yet, come forward. Ms. Basham answered that the seven are systems that have not, yet, applied but they should be applying in the future. Mr. Goetsch followed up by asking about the possibility of that number of seven doubling or tripling as the figures presented appeared to be low and might double if systems apply to the grant program for funding of necessary arsenic mitigation.

Chairman Scott questioned the value of prioritizing systems that are making an effort to mitigate their arsenic issues versus those that have delayed. Ms. Tuttle said that given the two scenarios outlined in the information provided to the Treasure's office, she felt the Treasurer's office was clear on what was needed. She suggested that the Board hear from the Treasurer's representatives as they could help clarify the numbers and the bigger picture. Chairman Scott agreed. He also said he would like to make everyone aware of just how helpful the Treasurer's office had been in assisting the Board in accomplishing its mission.

2. Robin Reedy/Lori Chatwood – Treasurer's Office

Ms. Reedy stated that she had been with the Treasurers' office for 18 years and is the former Deputy of Debt Management. She said the Board had now moved from "Bonding 101 to Bonding 201," and she realized most members were new to the process. She noted that the Board had moved from having authority to distribute an exact, set amount to a "rolling authority," but she wanted to make clear that this amount could not all be spent at once. Every two years the Treasurer goes through an "affordability model" based on Board estimates (which have been good). As in any learning process, there have been bumps, and this current situation is one of the bumps. She said that she had been hearing about arsenic for about 10 years, and this was the "bubble." Now the

Board would need almost twice what had been estimated. They had rerun the affordability, and in that analysis, they can facilitate the $22 million that the Board is looking at, but she cautioned that it is rare that this kind of capacity is available. She asked that staff proactively make their arguments on the dollar amounts for the next biennium as there are competing interests for state funding (prisons, etc.). She also noted that entities always like to receive "free money" in grants first.

Chairman Scott noted that the Board does see itself as the last resort for funding – when other programs and sources have been exhausted. He appreciated the presentation and asked about the possibility of language in agreements with grantees that would address cash flow situations, possibly requiring interim financing if grant reimbursement availability is delayed due to cash flow issues. He asked Counsel Nguyen to address that item. Ms Nguyen replied that there was language to that effect in the funding agreement now, but it would be reviewed by her office.

Ms. Reedy praised the Board's support staff for their work with her office. Mr. Walker asked for and received some clarification of the dollar figures that had been given.

F. BRIEF STATUS OF ARSENIC COMPLIANCE (Non Action)

Ms. Basham presented information on the numbers regarding arsenic compliance. She started with a list of all systems whose drinking water arsenic concentrations were over federal standards. This resulted in a list of 102 entities. The list was reduced by eliminating facilities where consolidation was imminent, treatment was in place, or they had already received funding for a mitigation project. For Board purposes, the remaining systems were sorted by ownership and privately owned systems (not eligible for grant funding) were eliminated. This resulted in the final 15 systems listed here (See **Appendix 2**). Note that approximately 30 systems on the list were private.

All 15 of the systems listed received exemptions with the exception of the Manhattan water system as they are not eligible for an exemption due to the extremely high arsenic concentrations in their drinking water. Ms. Basham then checked the EPA criteria to determine which systems might be eligible for an extension to their exemption. Those systems shown in the last column are the eligible group. Note that Beatty may be eligible for a two year extension and the remainder of the systems may be eligible for up to six years of extensions. She then discussed possible costs for arsenic mitigation based on feasibility studies previously conducted. The group of systems that would not be eligible for extensions would have projects that may total about $14 million, with Moapa accounting for about $10 million of that current total. In response to a question from Chairman Scott, it was clarified that these were total estimated capital costs.

Ms. Basham expressed varying confidence in the accuracy of these cost numbers. She noted many of the projects were in Douglas County and had a total estimated cost of $7.5 million. Beatty's arsenic mitigation project is estimated at about $1.7 million, and the group eligible for a possible six years in exemptions accounted for an estimated cost of about $10 million. As Mr. Goetsch noted the numbers may be low.

In response to Mr. Firth's question, Ms. Carr outlined the difference in eligible exemptions; the possible six years of extensions would be granted in two-year increments with extensions dependent on a system's progress toward meeting the standards. If they do nothing they would not be recommended for any extensions. In November 2008, the State Environmental Commission will be evaluating extensions for existing exemptions. Also, extensions are not necessarily for exactly two years as there could be short-term extensions to complete construction, etc. Mr. Goetsch wondered about small systems just "throwing up their hands" and waiting to be forced to do something. He suggested that systems with exemptions be forced to raise rates and build a capital fund so that the counties and the state would not be forced to pick up all costs for systems that made no progress.

Ms. Basham noted that during the screening process for the list she considered consolidation with public systems but there is uncertainty in this area. Chairman Scott asked if there were many systems that did not meet the arsenic standards that are not even on the SRF list. She noted that these included, for the most part, federal facilities and non-transient non-community (for profit businesses). In response to Mr. Firth's question, she clarified that Indian Tribes are not regulated by the state and are not on the SRF priority list.

Chairman Scott pointed out the Churchill County consolidations of private and public systems and liked the idea of creating incentives (grant percentages, etc.) that would encourage the creation of the capital funds for such projects. As grant funding is limited, he noted that he would like to reward systems that do the right thing, but the Board would need some policies or guidelines.

Ms. Carr added that, beginning in January, NDEP will be making outreach and educational efforts to systems on progress requirements. The Board will receive information on who is trying to comply and who is just throwing up their hands. Chairman Scott noted that the Board would appreciate regular information on the general state of compliance and progress in this area.

Mr. Ahern asked about the private systems, even though not eligible for grant funding from this Board, what if they just throw up their hands, do the counties have to pick them up? Mr. Goetsch said that in Churchill County that had happened as systems with dilapidated infrastructure and no capital fund turned to the county for help.

Chairman Scott said the state is paying for sins of the past, when questionable systems were approved. It is a public problem, and we are attempting to fix it and avoid similar problems in the future.

When there was no further Board comment he asked for public comment; hearing none, there was a brief recess and the Chairman then moved down the agenda to:

G. DRINKING WATER STATE REVOLVING FUND (DWSRF) PROGRAM

1. Discussion & possible approval of Revision 2 to the 2007 Project Priority List (Action)

* Summary – Adele Basham

Ms. Basham presented the revisions to the Priority List (see **Appendix 3)**. She noted that federal and state law requires the priority list, and that state statute requires the Board to approve the revisions to the list. She outlined the order of priorities and noted that there are now criteria for arsenic to factor in the rankings on health risk.

Mr. Firth asked about the cost of Spring Creek. Ms. Basham clarified that it was not technically a mobile home park but contained private lots and also that the cost there had been substantially reduced as they had already undertaken some work needed.

Chairman Scott clarified that rankings were within the various categories, and that you do not normally move form one category to another.

Motion: Mr. Firth moved to approve the revisions to the SRF priority list as presented, Mr. Goetsch seconded the motion and the vote was unanimous in favor.

Mr. Goetsch asked about the costs and frequency of the revisions to the priority list, and Ms. Basham noted that there is a publication cost for the workshop. This time there were no attendees at the workshop.

2. Discussion & possible approval of Loan Commitment to Moapa Valley Water District (Action)

* Summary – Adele Basham
* Testimony re: Project – Brad Huza (MVWD), Tom Ward (Bowen Collins & Assoc.)

Ms. Basham noted that the Moapa Valley Water District was on the agenda twice today, for both a SRF loan and later for a grant. Background on the project was presented at the last Board meeting, and Ms. Basham now

presented further background and details on the application which is contained in **Appendix 4**.

Mr. Walker asked about the timing of payments, and Ms. Basham noted the loan payments are received in January and July, but the funds are disbursed from the federal government when available.

After her presentation Brad Huza, General Manager of Moapa Valley Water District and Tom Ward of Bowen Collins, came forward to answer questions from the Board.

Chairman Scott noted that with Moapa Valley on the agenda again in the afternoon he suggested questions and comments on the project could be taken care of now, combining the discussion.

Mr. Ward noted that they were meeting with Jon Palm of the Bureau of Water Pollution Control, NDEP, this afternoon on the discharge permit for their treatment systems. He discussed some differences in various treatment methods (coagulation filtration, proprietary granular media beds). They are proposing a rapid infiltration basin for this project.

Mr. Firth asked about the basin, and the reply was that it would be a no discharge basin (evaporation). Mr. Walker asked if any other constituents are an issue, and Mr. Ward said that fluoride is also a problem. Expected bed life is one to three years plus. The vessel is also designed for a peak day.

Mr. Walker asked about rate structure, and Mr. Huza replied that rates were raised 18 percent as mentioned at the September meeting and that there is an inverted rate structure (higher rates for higher use).

Mr. Firth asked if any project funding was for new growth, and Mr. Huza said no — the project is designed for peak flow, but not new growth. The system is collecting funds through current charges to allow for new growth. He agreed with Chairman Scott that in essence "growth will pay for growth." He added that there are some additional water rights that have already been leased.

There was a brief discussion on the benefits and possible ramifications of the water project at Coyote Springs.

Mr. Huza noted that the District does have a 40-year lease on water rights with the LDS Church. Mr. Goetsch asked about the additional capacity available with these water rights and the possible issues when the lease expired. Mr. Huza said they were focused on bringing down water use through rates and an educational campaign.

Chairman Scott asked if any ad valorem tax was available to the water system and the answer was no, everything is revenue based. Chairman Scott asked about the effect of the inverted rate structure on consumption, and Mr. Huza said that since adoption in 2005, they have seen it decrease.

Mr. Firth asked about timing for construction. Mr. Huza said design was 98 percent complete, the bid opening would be on or about January 31, 2008, construction is planned to begin in March 2008 and substantial completion should be attained by December 2008, in time to meet the deadline of January 23, 2009. Mr. Ward noted that the GIM selection process had already occurred and that would allow them to meet the schedule. The district has gotten competitive pricing and warrantees for five years of the media.

Mr. Walker asked about piping issues, dead ends, etc. Mr. Ward noted that this was not an issue.

There was no further discussion, and no public comment was received.

Motion: Mr. Firth moved that Resolution 12-2007 be approved, Mr. Goetsch seconded the motion and the vote was unanimous in favor.

H. RECOGNITION OF FORMER BOARD MEMBERS STEPHANNE ZIMMERMAN & KURT KRAMER

Chairman Scott said he would like to recognize two former members of the Board: First, Stephanne Zimmerman, a member of the Board for six years and a valuable advisor on accounting and financial measures to the Board. She championed accountability and record keeping and was a great Board member. The Board had a plaque in her honor that would be presented to her at a future date. Mr. Goetsch added his appreciation for Ms. Zimmerman's service and noted how she had helped him learn to analyze the financial aspects of the Board's business and thanked her for her hard work and dedication in service to the State.

Chairman Scott then recognized Kurt Kramer, former Chairman of the Board. He noted that Mr. Kramer had served the town and then City of Fernley for many years. Mr. Kramer brought a perspective and knowledge of small water systems that were an invaluable asset to the Board. For many years he put his heart and soul into serving the Board, mentored many of the members in how to serve on the Board and was the only Chairman most of the current members ever knew.

Chairman Scott noted others present to honor Mr. Kramer, including Andrea Seifert, Brian Stockton, Allen Biaggi, Dana Pennington and the current staff. He read from a Proclamation in honor of Mr. Kramer, the full text of which is included as **Appendix 5**.

Mr. Kramer then came forward to a standing ovation to accept his Proclamation from the Board and staff.

Mr. Kramer spoke about his history with the Board. In 1995, he received a call from Joe Dini saying 'report to the next meeting.' Mr. Kramer stated that he believed very much in the mission of the Board and what has been accomplished for small systems. It has been a win-win with all political parties desiring to help water systems in this state.

There was another ovation for Mr. Kramer as he departed.

Afternoon Session

I. CAPITAL IMPROVEMENT GRANT PROGRAM

1. Grant Application:

a. Moapa Valley Water District (Action)

* Summary – Michelle Stamates
* Testimony re: Project – Brad Huza (MVWD), Tom Ward (Bowen Collins & Assoc)

Chairman Scott noted that there had been a good discussion of the project this morning and asked if there were any further questions or comments form the Board.

Mr. Ahern asked about the pipeline system. Mr. Huza noted that the sources are in one of the higher spots in the service areas, allowing for gravity feed to the lower valley. Mr. Ahern asked for some further details on water rights, and Mr. Huza noted that the lease with the LDS Church was about 2000 acre-feet per year, split 50/50 with the Southern Nevada Water Authority, and that in exchange for relinquishing these rights they would get groundwater rights.

Mr. Firth asked about where Moapa was with USDA funding, and Mr. Huza said they had letters of commitment on both the loan and the grant. Mr. Firth followed up with a question on leased water rights, and Mr. Huza noted that they anticipated the leased rights would be used in an exchange for a portion of the Coyote Springs groundwater rights.

Mr. Goetsch inquired about deflation/inflation of costs, and Mr. Ward noted that they had locked in the treatment equipment at $1.4 million, the original estimated price. Mr. Huza said that in Moapa Valley they had not experienced any deflation of construction costs, but had seen some stabilization.

Mr. Walker commented that cost per customer for this project was favorable compared to some of the other projects.

There was no further Board discussion and no public comment.

Motion: Mr. Goetsch moved that the Board approve the Moapa Valley grant application for an amount not to exceed $4 million or approximately 38.75 percent of the estimated project costs estimated at $10.3 million, subject to conditions presented by staff. Mr. Walker seconded the motion and the vote was unanimous in favor.

b. Lovelock Meadows (Action)
* Summary – Michelle Stamates
* Testimony re: Project – Kristy Berge/Ryan Collins, Brent Farr/Susan Jorgensen (Farr West Engr)

Ms. Stamates presented the application and said that two meetings ago in June the Board heard the Letter of Intent. For the newer members she would go through the background document. The text of her presentation is contained in **Appendix 6**.

Mr. Walker asked about calculations regarding another well, and Ms. Stamates noted that there had been an engineering report, agreed with by the Bureau of Safe Drinking Water, that showed the need for more backup. The well will be located between the two existing wells to take advantage of the pipeline.

Mr. Farr and Ms. Jorgensen of Farr West Engineering and Ms. Berge and Mr. Collins of the Lovelock Meadows Water District now came forward to provide additional information and answer questions.

Mr. Farr said that Ms. Stamates presentation had been thorough. He wanted to add that he thought the Board should be proud of the efforts of the District, over the last several years working with the Board, to put the system on a sound financial footing, standardize rates, adopt a capital improvement plan and water conservation plan and generally come a long way as a district.

Mr. Firth asked about the cost estimate and the estimate for the SCADA system. Mr. Farr said that it was covered in the lump sum item for the well and noted the remote data collection would improve records of water pumped. He addressed Mr. Firth's concerns about maintenance and added that Sierra Controls would service the telemetry equipment and should be available in a timely fashion.

A discussion of cost projections followed and it was noted that construction costs have fallen somewhat from the peak seen in 2005/06 — Mr. Firth wondered if the construction bids could be expected to come in lower, and Mr. Farr said he thought that they would. Mr. Firth also asked about fire hydrants in the rural area. Ms. Jorgensen said the location of hydrants would be based

on fire district requirements and on the actual house locations. Mr. Farr noted NAC defers to local fire authorities. As far as scheduling, Mr. Farr said they would be aggressive. The existing wells were running 23 ½ hours a day at peak and they hope to go out for bids by the middle of the 2008.

Mr. Walker asked if the new well required additional water rights. Mr. Farr clarified that the new well should not create a need for additional water rights, as the District could move the rights from the existing well. Mr. Walker also asked for additional detail on the water conservation plan. Mr. Farr noted that they focused on drought contingency plans and education but the pricing structure was the main component and they have already seen significant conservation and reduced water consumption particularly for landscaping due to the new pricing structure.

Mr. Goetsch asked about the costs for project management. Mr. Farr replied that a cost component is included for project management. The USDA likes to see the District participate as much as they can to help themselves, so it is not broken out as a specific item, but Farr-West's normal role in providing this service is included. Mr. Goetsch followed up by asking about the apparent engineering costs as a percentage of construction. Mr. Farr noted that in projects of this size there is some economics of scale and they anticipate this to be a relatively straightforward design, so they are comfortable with the estimate.

Chairman Scott noted that they should discuss the application of fire hydrants with the local Fire Authority so that hydrants were not just placed in the middle of nowhere. He also asked if the well would be bid separately. Mr. Farr said he did not know for sure but that it was likely. There were no further Board questions and there was no public comment.

Motion: Mr. Goetsch moved to approve the grant application for the Lovelock Meadows Water District, a grant amount not to exceed $3 million or approximately 41.76 percent of estimated eligible project costs of $7,189,000, subject to conditions noted by staff. Mr. Firth seconded the motion. The vote was unanimous in favor.

Progress Report for Funded AB198/AB237 Projects (Non Action)
* Summary – Michelle Stamates
(The full AB198 Project Summary is attached as **Appendix 8**)

Ms. Stamates presented photos and gave a progress report on the Walker River Diversion Project. The project is wrapping up fairly quickly and the better part of the grant of $6.6 million will be expended.

She also reported on the Virginia City water system noting that structural engineers for the project show that some bowing of the tank is considered normal and the tank is within those normal tolerances.

She presented some photos of the Cave Rock storage tank and reported it is now complete and functional.

Chairman Scott asked for an update on Caliente, saying they were still postponing the implementation of the meters and metered water rate. Ms. Stamates said she had not been back to Caliente in person, but reported that they have almost completed the retrofit of meters that were not done during the project. They did find all of the information to correlate the meters with their respective billing addresses. It was collected properly during construction. Their billing software has been updated and people have been trained. Ms. Stamates provided the City a copy of the metered rate structure presented to the Board by Bryan Elkins. The City has not made any final commitment on when they will start the metered water rate.

Chairman Scott asked if any reimbursement requests had been received from Caliente, and Ms. Stamates replied that none had been submitted. She said she might need to go out and assist them with a request for reimbursement. They have a new grants administrator who may not be familiar with the process. She added that they have the money to do the backup well from the AB198 grant but have not started either the primary well, funded by FEMA, or the backup well.

Chairman Scott asked if the Board needed to reinforce the concerns they have about the meters and metered rate and if it should be tied to disbursement of funds. Ms. Stamates noted that this is not a condition of the original grant. A letter could be drafted to this effect, at the Board's request, and be made effective before a construction contract is awarded for the well.

Chairman Scott noted that metered rate implementation had been delayed for some time. He indicated he would like to have a certain time frame. Mr. Ahern asked why anyone would install meters and not implement the rates. It was noted by several members that the implementation of the metered rates can generate local political heat.

Chairman Scott believed that the Board could and should request a formal date for implementation. Mr. Walker asked what tools the Board had to force the issue. Chairman Scott said the first step would be to communicate how important it was to the Board, followed by gradually accelerating the effort. Mr. Walker asked if it would help for staff to restate this in writing. Chairman Scott said that would be a start, and they could also request representatives attend the next Board meeting to answer questions. Ms. Stamates added that

representatives from the Board might also attend Caliente Board meetings and make their comments public.

Chairman Scott concluded that he would hate for the metered rate implementation to wait for this Board to take further action. Mr. Goetsch stated that he did not think this Board should have to travel around the state reminding entities to do what they contracted to do. He added that first they should ask staff to remind them of their commitments, and then possibly consider impacts to the grant funding.

Chairman Scott noted that the picture of the Storey County tank made him wonder about bolted tanks, you do not see many bolted tanks. He wondered if the Board should consider a standard of welded tanks. Bolted tanks also tend to require more maintenance. Mr. Goetsch said there were technical reasons for the bolted tanks in certain cases. Chairman Scott asked Ms. Stamates to look into the issue.

When the Chairman asked if there were any further question on open projects Mr. Firth asked about an update on Pershing County. Ms. Stamates said Q&D is the construction company on the new Rogers Dam. They have been on the ground for roughly a month and we received the first pay request. They plan to be complete by March around the beginning of the irrigation season.

Mr. Firth asked about the wells at Searchlight. Ms. Stamates said that two of the boreholes looked good for production volumes and two did not. At this point the production and monitoring wells will not be drilled until they finish the Environmental Assessment required by the BLM.

In response to further questions, she said that Crystal Clear is not going with a 14-inch transmission line and have made other technical changes. Brent Farr of Farr West Engineering mentioned that a letter to possible future developers was being drafted to offer connection fee incentives if they contracted to connect now.

Chairman Scott asked about the Moundhouse PER, Mr. Farr noted that the time line has been unusually long, but the possibility of a new pipeline from another source caused them to consider changes.

2. **Progress and Financial Report for Funded SB62 Projects (Non Action)**
   * Summary – Michelle Stamates
   (The full SB62 Financial Summary and Project Summary are attached as **Appendices 8 and 9**)

Ms. Stamates noted Churchill and Esmeralda Counties have submitted reports; White Pine County has completed most of the project and a draft water

resources report had been commented on but there has not been a final submission. The Central Nevada Regional Water Authority recently provided information on their progress, and the new Director would like to give a presentation to the Board on this project at some future Board meeting.

Chairman Scott noted that he might like to hear reports from some other entities as he was not satisfied with progress reports that have been received. He said he read a few things in the current progress report that he isn't satisfied with. He added that this is supposed to be a data collection process and not litigation or pre-litigation based. Ms. Stamates said that she has not seen any work that appeared to be for litigation purposes. She felt that they were just moving slower than they anticipated. Chairman Scott said that they just need to make sure they do not languish too long. Mr. Goetsch also expressed concern about progress. Chairman Scott said the Board should consider having staff send a letter requesting progress reports, and if the Board is not satisfied with the responses, it would invite grantees to come to a Board meeting to review progress in person.

Chairman Scott now moved down the agenda to:

J. REVIEW / DISCUSS NEW BOARD POLICY

1. Funding Level for Irrigation Projects (Non Action)

*Summary – Dave Emme (NDEP)

Dave Emme presented an overview of the new policy (The written draft policy is in **Appendix 10**). He noted the grant scale policy for drinking water project costs and that such a policy is not currently in place for irrigation projects nor is there statutory guidance on the subject. Previously, the Board has awarded the irrigation projects at an 85 percent funding level, but a few meetings ago, the Board tasked staff to come up with a formula similar to that used for the drinking water projects instead of the flat percentage.

At the last Board meeting a "first draft" was presented with a simple policy approach, and the Board made comments indicating desired changes. This revision is in response to that direction.

Mr. Emme noted that an attempt had been made to interpret legislative intent on an allocation of bond authority and current funding resources. The current policy imposes a cap of 20 percent of available bond authority for irrigation projects. The math used to derive this percentage was from the Legislature's increase in the Board's bond authority from $40 to 50 million (20 percent) when they added irrigation/conservation projects to the program. Following on from this morning's discussion, cash flow will also be a driver of available funds.

The policy proposed at the last meeting was a flat maximum of 65 percent of project costs to be funded through the grant program. In response to Board concerns about lack of alternative funding sources and need for alternative parameters, a point system was developed. The point system is broken down into five distinct categories.

I. Water Conservation reflects the statutory language of what these projects are supposed to accomplish; II. Finance and planning awards points for proper planning and fund set-asides; III. System Capacity and Economic Benefit has been adjusted based on comments from the Board at the last meeting that indicated approval for recognizing economically viable systems and systems with a greater economic impact; IV. Other Benefits was also developed in response to Board comments; V. Deductions is based on the method used in evaluating Drinking Water projects.

After looking into alternate funding sources for irrigation projects the only one found was the Department of Interior's grant program "Water 2025 Initiative." It is a relatively small amount of money, with a maximum grant amount of $300,000 and a required 50 percent match. The grants are competitive, awarded to about 30 projects per year and seem to be looking to "water resource hot spots" in the western states. Southern Nevada seems to fit into their criteria more than northern Nevada. A news release and list of grant awards for the prior year are included in the Board packet. Two projects in southern Nevada were funded last year.

Also at the Board's request, a list of irrigation districts in the state is provided.

Chairman Scott now asked for feedback on the new scale. Mr. Firth said that looking at the water conservation component he wondered about recycling/recovery and the measurement or metering, if these were quantifiable. How would we put a definitive number on these? Also, he had questions about system capacities and irrigated acreage vs. storage capacity.

Mr. Emme responded that regarding the conservation component he agreed that it could be hard to quantify, but he had taken the language almost verbatim from the statute. Based on the criteria listed in the statute that was what the money had been intended for. Mr. Firth said that he did not disagree, and he added that canal lining and converting to sprinkler irrigation were the most efficient conservation methods. He also spoke about the age of many of the states' irrigation systems and that the original components are nearing the end of their useful life. He concluded that Mr. Emme had properly done what he had been asked to do but still had questions.

Chairman Scott noted that, though circumstances might be different on a case-by-case basis he strongly favored rewarding measuring or metering. He

expressed concerns about funding a system where there is no way to measure what is going on.

Mr. Walker added detail on the various levels of measurement currently being used by different irrigation districts and noted the criteria presented here would seem to favor big districts, which he had no problem with. He noted that efficiency could negatively impact groundwater recharge, which is just something to keep in mind, but the criteria given are a good start.

Mr. Goetsch said that listening to these comments he felt that the Board was generally in agreement with the given criteria but also noted concerns about groundwater recharge. He suggested that if someone studied and weighed impact of groundwater recharge, they might receive three to five points for doing so. He asked if any of the existing projects had been run under the new measurement to see how they would have scored. Mr. Emme noted that there was an attachment with some theoretical examples. He went through some examples showing a range between 66 and 83 percent of cost to be funded, depending on the score.

In response to a question from Mr. Goetsch, Mr. Emme clarified that both the policy of 20 percent of available program funds for irrigation projects and the scoring system for percent of costs could impact irrigation projects. The 20 percent is most likely to be the limiting factor. Mr. Goetsch noted that for the recent Pershing County project that was funded he calculated that the formula would have given about 72 percent rather than the 85 percent that all irrigation projects have received so far. He added that the current presentation was very good and close to what he wanted to adopt.

Chairman Scott said that the Board would ask Mr. Emme to make any needed minor adjustments and bring it back at the next meeting as an action item. Mr. Emme added that Ms. Stamates had provided the criteria to the irrigation districts and awaited any individual discussion they desired.

Chairman Scott asked for public comment on the criteria.

Brent Farr with Farr West Engineering said he was representing himself and also had been asked by Benny Hodges of the Pershing County Water Conservation District to comment on the proposed policy. He said they desired an informal meeting with staff to discuss these proposals. The districts have not had a lot of input so far. It was discovered that the version Mr. Hodges had been working from was a previous iteration of the policy. It was clarified that there is probably only one district over 50,000 acres in the state and there was uncertainty about the size and ranking of various districts. Mr. Goetsch said that he favored sending the criteria under discussion to all the districts for comment and Mr. Firth agreed. Mr. Goetsch cautioned that any revisions

needed to continue to have a ranking so that there is still a priority list. Mr. Emme said sending the presentation out for comment was workable.

Dan Dyer of Dyer Engineering commented, on behalf of Vernon Dalton of the Metropolis Irrigation District, that the point system seemed to penalize the small man and helps those with the money. Metropolis felt that there should be consideration if the project could be done at all without a certain level of funding from this program. Mr. Goetsch pointed out that the attributes of usefulness in various areas of the projects do count for more than just the size and added that the Board was trying to balance this. Mr. Firth said that, again, he appreciated the input from systems and would like for them all to have a chance to comment before the adoption of the policy. Mr. Firth asked if Rob Martinez from the State Engineer's Office, Division of Water Resources, would comment on the groundwater recharging issue for the next hearing on this policy. Mr. Martinez said that the Division of Water Resources would provide input.

Chairman Scott summed up by saying the Board does not want to fund a project that would create a problem for the Division of Water Resources and Mr. Martinez agreed.

Mr. Walker noted that USGS studies in the Carson Valley show 70 percent of groundwater pumped comes from the Carson River, and he would like to see information like this addressed briefly in applications.

Mr. Farr of Farr West added that he does not think there has ever been an application for funds to recycle wastewater. He noted that this was mentioned in these policies and said that he sees a municipality doing this someday and applying to the Board but this would not fit under irrigation. Chairman Scott said it was an interesting observation.

Chairman Scott summed up by asking Mr. Emme if the sense of the discussion was that staff would contact irrigation districts for input on a potential action item for the next meeting. The Board seemed to agree with the general approach taken in today's presentation but would like to make sure that the irrigation entities do not have any specific objections. Mr. Emme said that staff would look at whether a workshop or individual contacts would be the best way to do that.

Counsel Nguyen now informed the Board that she had had a chance to review the agreement with Caliente discussed under Item I.2. She summarized action that the Board might take in response to the water system's non-compliance or default on the agreement. The conditions include that if the grantee fails to observe a covenant (implement the water meters) or "fails to make progress," a 30-day notice can be given, and if the system chooses not to comply or cure the default, the agreement can be terminated and any remaining payments

withheld. According to Ms. Stamates there is approximately $350,000 remaining under the grant. Once we find default, all or part of the remaining balance can be terminated and repayment can be demanded of expended funds.

Ms. Nguyen suggested that she and Ms. Stamates might visit Caliente and clarify the situation since the system might not be clear at this point about the requirements and conditions of their funding agreement. Mr. Goetsch said that was a good idea, and he suggested a letter be sent from the Board outlining the Board's concerns on specific deficiencies and noting the possible penalties. Chairman Scott agreed on a "progressive" approach and also liked the idea of staff visiting and personally contacting Caliente personnel. He added that the finding of default would be a last resort. He thought they would respond more to a personal approach. He added that it was probably impossible to get money back from the system. Also, it should be made clear to the City that their response could affect future applications.

Ms. Nguyen asked about the last communication with Caliente, and Ms. Stamates noted that they had not indicated an adequate reason for delaying the meter implementation. When she was there in person, they had said in plain English that they do not want metered rates. Chairman Scott stated that this would now be the Board making clear the message that they require metered rates and that some of the funding expended was based on that agreement. Mr. Goetsch summed up the discussion with: The Board is concerned, there is potential action and the Board is waiting for a response. Chairman Scott thanked counsel, saying that he was clear on the range of response possible and that the Board was on firm ground in its requirements. He had a feeling that the City would see the light once it was very clear that this was the end of the road.

Chairman Scott now moved down the agenda to:

K. BOARD COMMENTS

Mr. Walker asked for more information on usual meeting schedules and locations. It was clarified that they are normally quarterly and in Carson City. Also there are opportunities to accompany staff (Ms. Stamates) on field trips to various grant funded projects both past and present. Chairman Scott asked about impacts from the recent fires on the watershed in Jarbidge. Ms. Stamates replied that Lynn Forsberg, Elko County Public Works, said there had been minimal impact on the water system in Jarbidge.

Ms. Stamates noted that the Board might be interested in some of the older projects. She visited Goldfield recently because they would be doing arsenic treatment and also Silver Peak who had received funding for a well some time ago. That well is not in service as there appear to be water quality issues. If

the Board would like to visit some of the older projects to consider information on "lessons learned," it might be worthwhile. Mr. Ahern said if she would send an email whenever something was coming up he would like to make arrangements to go along. Being fairly new to the Board, he needed some familiarization with the projects. Chairman Scott suggested a possible overnight trip down Interstate 80 that would include stops at a number of past and present projects. Ms. Stamates suggested that it wait until after the snow season was over, and there was general agreement that this would be a good idea. She would email members about trips, and they would attend when possible.

Mr. Goetsch said that the newer members should feel free to call the other members or staff with any questions or concerns. He also noted that he sometimes receives calls about Board matters and encourages callers to attend meetings and make comments to the Board as a whole rather than attempt to have private conversations or negotiations. He also noted the positive impacts of the Board notifying systems of requirements as it might help local operators in making necessary rate increases or installing meters, making the State the "bad guy." He also mentioned the idea of limiting engineering fees to a certain percentage of project costs, saying that it was something that might be discussed in the future.

Chairman Scott said that from an engineer's fee perspective it can vary greatly based on project size. He understood what Mr. Goetsch was saying, that some engineering fees can get out of hand. There might be a tendency to just go until the project is complete without managing costs.

Chairman Scott mentioned that there might be a request for a special meeting and asked for a general sense of the Board on this idea. His own idea was that in an emergency there was no problem with a special meeting, but not if somebody just wants one. He asked if that was the sense of the Board in general. Mr. Goetsch agreed, and there was no objection. Chairman Scott said that if the matter came up he would make the call of whether a special meeting was warranted.

Ms. Carr said that she was pleased to be serving with the Board and she and her Bureau were ready to assist in any way.

Chairman Scott now moved down the agenda to:

L. PUBLIC COMMENTS (Non Action)

Chairman Scott asked Ms. Couch of the USDA if they were on hold pending a continuing resolution. She stated that their funding was through a different process than the agency budget and they now did have funding for projects.

M. ADJOURN BOARD FOR FINANCING WATER PROJECTS PUBLIC MEETING

Mr. Walker moved to adjourn and was seconded by Mr. Goetsch and the vote to adjourn was unanimous in favor.

Minutes prepared by Robert Pearson, Division of Environmental Protection

Appendix 1: Memo from Dana Tuttle--Funds available for Water Projects

STATE OF NEVADA
Department of Conservation & Natural Resources
DIVISION OF ENVIRONMENTAL PROTECTION
Jim Gibbons, Governor
Allen Biaggi, Director
Leo M. Drozdoff, P.E., Administrator

Tuesday, November 27, 2007

MEMORANDUM

TO: The Board for Financing Water Projects

FROM: Dana Tuttle, Administrative Services Officer
Office of Financial Assistance

SUBJECT: **Funds available for Water Projects**

The financial information that follows is more detailed than is normally presented. As you go through the numbers, please keep in mind that there are three specific constraints, or budgets, under which the grant program must operate. On the first spreadsheet, each of the three budgets is represented by a set of figures that covers what is left of the State's two-year budget period. The first column shows the deposits to be made over the two years, the second shows withdrawals, and the third is the balance remaining:

1. AVAILABLE CASH: This is the amount held in the account at the Treasurer's Office. Funds earn interest, historically 2%-5%.

2. AVAILABLE TREASURER'S ALLOCATION: This is the amount that the Treasurer determines is affordable, in balance with other needs of the State. Members of the Treasurer's staff will present their methodology at the December meeting and can address any of your questions.

3. AVAILABLE STATUTORY AUTHORITY: Nevada statutes allow a maximum of $125,000,000 in bond principal outstanding, to provide funds for eligible water projects. Bonds issued reduce the authority; principal repayments increase the authority.

The second spreadsheet, "Active Funding Agreements" lists each grant, the amount drawn, amount remaining, amount expected to be drawn during the remaining budget period, and the obligation still remaining at the end of this cycle. This sheet provides detail for the figures presented in the first spreadsheet.

This analysis has been submitted to the Treasurer's Office for review, as the Program's "Bare Bones" funding needs. The assumption is that there will be no new funding commitments by the Board. The two outstanding Letters of Intent (Moapa and Lovelock) are honored in these figures. Without additional monetary commitment from the Treasurer's Office (approximately $13.1 million) it is not advisable to commit any additional funds, including these two Letters of Intent. It will be essential for the Board to request a minimum of $13.1 million in additional bond authorization for this budget period in order to meet anticipated outlays on current obligations.

Please do not hesitate to contact me for clarification or further detail that would help each of you bring a thorough understanding of the situation to the meeting on December 13. I am always available to assist the Board with financial aspects of the Program:

Dana Tuttle
901 S. Stewart St. 4th floor
775-687-9489
dtuttle@ndep.nv.gov

Appendix 2: List of systems eligible for arsenic compliance funding

Water Systems that Exceed the Arsenic Standard and are Eligible for State Grants

County	PWS Type	ID#	Name	Ownership	Max Avg Arsenic	Exemption issued	Pop	Eligible for Extension*
NY	C	NV0000165	MANHATTAN TOWN WATER	Public	0.051	not elig.	40	No
ES	C	NV0000072	GOLDFIELD TOWN WATER	Public	0.042	Yes	500	No
LI	C	NV0000005	ALAMO SEWER AND WATER GID	Public	0.036	Yes	900	No
DO	C	NV0002216	EAST VALLEY WATER SYSTEM	Public	0.036	Yes	3,845	No
LA	C	NV0000008	LANDER CO SEWER AND WATER DIST 1 BATTLE MOUNTAIN	Public	0.024	Yes	4,600	No
CL	C	NV0000160	MOAPA VALLEY WATER DISTRICT	Public	0.020	Yes	8,000	No
DO	C	NV0000355	INDIAN HILLS GID	Public	0.017	Yes	5,800	No
NY	C	NV0000009	BEATTY WATER AND SANITATION DISTRICT	Public	0.027	Yes	1,100	2 yr
HU	C	NV0000162	MC DERMITT WATER SYSTEM	Public	0.019	Yes	200	6 yr
LY	C	NV0000255	YERINGTON CITY OF	Public	0.019	Yes	2,900	6 yr
LI	C	NV0000013	CALIENTE PUBLIC UTILITIES	Public	0.017	Yes	1,500	6 yr
MI	NT	NV0000897	SCHURZ ELEMENTARY SCHOOL	Public	0.017	Yes	320	6 yr
NY	C	NV0000237	TONOPAH PUBLIC UTILITIES	Public	0.015	Yes	2,600	6 yr
LA	C	NV0000006	LANDER CO SEWER AND WATER DIST 2 AUSTIN	Public	0.014	Yes	350	6 yr
CL	C	NV0000219	SEARCHLIGHT WATER COMPANY	Public	0.013	Yes	760	6 yr
WA	NT	NV0003000	VERDI SCHOOL	Public	0.012	Yes	250	6 yr

* Eligibility for extension based on EPA Guidance

Note: water systems that have secured funding are not included on this list

C = Community
NT = Nontransient Noncommunity

Appendix 3: DRINKING WATER STATE REVOLVING FUND (DWSRF) PROGRAM; Revision 2 to the 2007 Project Priority List

December 2007
Board for Financing Water Projects
Summary
Drinking Water State Revolving Fund
Revision 2 to Year 2007 Priority List

Summary

The Nevada Division of Environmental Protection administers the Drinking Water State Revolving Loan Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. One of the requirements of the NRS pertaining to the DWSRF is that the Division of Environmental Protection shall obtain approval of the Board of Financing Water Projects (Board) in establishing priorities to determine which public water systems will receive money or other assistance from the account for the revolving fund (NRS 445A.265, subsection 3). This Agenda item presents the request for Board approval of Revision 2 to the Year 2007 Priority List.

Discussion

Nevada uses a ranking system to prioritize the order in which eligible projects will be financed. Projects are ranked based upon the relative impact of the project in achieving the objectives of the Safe Drinking Water Act in the following order:

1) Significant health risks;
2) Primary and secondary drinking water standards;
3) Infrastructure replacement; and
4) Refinance of existing debt.

These criteria are considered in any evaluation or reprioritization of a priority list. NAC 445A.67566 to 445A.76573, inclusive, specifies in detail the assignment of points for establishing the priorities of projects.

Revision 2

This Board approved the Year 2007 Priority List on March 14, 2007 and Revision 1 to the 2007 Priority List on September 20, 2007. As a result of a focused outreach effort for certain systems out of compliance with the arsenic standard to be placed the Priority List, NDEP has received new pre-applications for the projects identified in the Table 1.

Table 1

System Name	Project Description	Estimated Amount	Proposed Rank
Deluxe MHP	Arsenic compliance	$171,309	11
Carvers Smokey Valley RV	Arsenic compliance	$398,394	16
Spring Creek MHP	Arsenic compliance	$3,950,000	26
Roark Estates	Arsenic compliance	$300,000	33

Notice
NDEP held a public workshop in Carson City on December 5, 2007. The proposed revised list and notice of the workshop was sent to all systems with projects on the list. A public notice of the workshop was published in newspapers in Reno, Las Vegas, Carson City and Elko.

Recommendation
It is recommended that the Board for Financing Water Projects approve the Revision 2 to the Year 2007 Priority List.

A resolution to that effect is attached.

Revision 2 Year 2007 Priority List--Drinking Water State Revolving Fund Loan Pre-Applications

Rank	Water System	Total Points	Arsenic Factor	Adjust. Total	State MHI/ PWS MHI	Revised Points	Owner-ship of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
Class I--Acute Health Risks													
	none												
Class II--Chronic Health Risks													
1	Ember Mobile Manor	10	1.0	10	5.57	55.73	Private	CH	NV0004002	35	23	Consolidation, arsenic compliance	$180,000
2	South Maine MHP	20	0.9	19	1.58	30.00	Private	CH	NV0000055	100	49	Arsenic & uranium compliance	$331,238
3	Carson City Utilities	20	0.7	17	1.07	18.13	Public	CC	NV0000015	56,000	16,447	Arsenic & uranium compliance	$6,000,000
4	Jackpot	10	1.0	10	1.46	14.62	Public	EL	NV0000088	1,240	456	new well, chlorination, storage, distribution, uranium compliance	$3,405,000
5	Crystal Clear Water Company	10	0.9	9	1.38	12.45	Public	LY	NV0000361	170	90	Arsenic compliance, well, storage, distribution	$1,170,000
6	Goldfield	10	0.9	9	1.35	12.17	Public	ES	NV0000072	500	217	Arsenic compliance	$630,000
7	Manhattan	10	1.0	10	1.17	11.72	Public	NY	NV0000165	40	50	Arsenic compliance, new well, transmission, storage, SCADA	$1,210,000
8	Topaz Lodge Water Co.	10	0.9	9	1.21	10.93	Private	DO	NV0000070	40	14	Arsenic compliance	$137,918
9	Five Star MHP	10	0.8	8	1.29	10.36	Private	LY	NV0002516	90	29	Arsenic compliance	$142,101
10	Fernley Utilities	10	1.0	10	1.00	9.97	Public	LY	NV0000062	14,000	5,000	Arsenic compliance	$19,750,000
11	Deluxe Mobile Home Park	10	0.6	6	1.58	9.47	Private	CH	NV0000047	100	46	Arsenic compliance	$171,309
12	Alamo Sewer & Water GID	10	0.9	9	1.03	9.25	Public	LI	NV0000005	900	275	Arsenic compliance, new well, storage, distrib.	$2,087,380
13	Frontier Village MHP	10	0.9	9	1.00	8.99	Private	CL	NV0000147	60	71	Arsenic compliance	$145,920
14	Old River	10	0.8	8	1.09	8.74	Private	CH	NV0000303	300	110	Arsenic compliance	$1,451,835
15	Shoshone Estates	10	0.7	7	1.24	8.66	Private	NY	NV0005028	240	76	Arsenic compliance	$307,926
16	Carvers Smokey Valley RV	10	0.7	7	1.24	8.66	Private	NY	NV0000218	180	120	Arsenic compliance	$398,394
17	Elk Point	10	1.0	10	0.85	8.48	Private	DO	NV0000271	325	88	Uranium compliance	$200,000
18	Wildes Manor	10	0.5	5	1.58	7.90	Private	CH	NV0000058	70	20	Arsenic compliance	$86,027
19	Tolas Mobile Home Park	10	0.5	5	1.58	7.90	Private	CH	NV0000061	54	32	Arsenic complianc	$175,000
20	Carson River Estates	10	0.7	7	1.09	7.65	Private	CH	NV0003060	90	34	Arsenic compliance	$131,425
21	McDermitt	10	0.5	5	1.53	7.64	Public	HU	NV0000162	200	100	Arsenic compliance	$478,000
22	Panaca	10	0.5	5	1.50	7.48	Public	LI	NV0000185	800	349	Arsenic compliance	$1,984,750
23	Searchlight	10	0.4	4	1.83	7.31	Public	CL	NV0000219	760	290	Arsenic compliance, two new wells, storage	$11,125,300
24	Caliente	10	0.4	4	1.73	6.90	Public	LN	NV0000013	1,500	427	New well, distribution	$2,519,027
25	East Valley	10	0.9	9	0.75	6.74	Public	DO	NV0002216	3,845	1,479	Arsenic compliance	$7,500,000
26	Spring Creek MHP	10	0.9	9	0.74	6.68	Private	EL	NV0000036	12,000	4,053	Arsenic compliance	$3,950,000
27	Beatty	10	0.6	6	1.08	6.48	Public	NY	NV0000009	1,100	500	Arsenic compliance	$750,000
28	Yerington	10	0.4	4	1.43	5.72	Public	LY	NV0000255	2,900	1,835	Arsenic compliane	$1,720,000
29	Moapa Valley Water District	10	0.5	5	1.12	5.58	Public	CL	NV0000160	8,000	2,668	Arsenic compliance	$6,760,178
30	Sunrise Estates (Washoe Co)	10	0.5	5	1.10	5.50	Public	WA	NV0002525	86	35	Arsenic compliance	$451,408
31	Battle Mountain	10	0.5	5	1.04	5.19	Public	LA	NV0000008	4,600	1,145	Water treatment (arsenic), transmission, distribution, storage	$11,510,910
32	Stagecoach GID - Churchill Ranchos	10	0.4	4	1.29	5.18	Public	LY	NV0000813 NV0000224	1,231	505	Consolidation of Churchill Ranchos with Stagecoach GID for arsenic compliance	$3,627,278
33	Roark	10	0.5	5	1.01	5.06	Private	CL	NV0000319	64	27	Arsenic compliance	$300,000
34	Spring Creek	10	0.5	5	0.97	4.87	Public	WA	NV0004082	1,850	743	Arsenic compliance	$3,516,613
35	Tonopah	10	0.4	4	1.19	4.77	Public	NY	NV0000237	2,600	1,500	Arsenic compliance	$127,000
36	So. Truckee Meadows Water Treatment Facility (includes Double Diamond)	10	0.4	4	1.10	4.40	Public	WA	NV0000215 NV0000832	21,214	9,339	Arsenic compliance	$21,500,000
37	Lemmon Valley	10	0.4	4	1.10	4.40	Public	WA	NV0000202	2,853	1,179	Arsenic compliance	$2,060,664
38	Truckee Canyon	10	0.4	4	1.10	4.40	Public	WA	NV0000978	25	5	Arsenic compliance	$975,000
39	Desert Springs	10	0.4	4	0.97	3.90	Public	WA	NV0001085	7,629	3,869	Arsenic compliance	$3,859,680
40	Sunrise Estates (Douglas Co)	10	0.5	5	0.78	3.88	Public	DO	NV0000887	91	37	Arsenic compliance	$1,400,000
41	Dayton Valley MHP	1	NA	1	2.05	2.05	Private	LY	NV0000033	55	28	TDS above std, consolidate with Dayton Utilities	$79,500
42	Gabbs	1	NA	1	1.56	1.56	Public	NY	NV0000063	411	160	Fluoride compliance	$300,000
Non Transient, Noncommunity Public Water System													
43	Schurz Elementary School	10	0.5	5	1.84	9.19	Public	MI	NV0000827	170		Arsenic compliance	$283,856
												Total Class II	**$124,890,637**

Class habilitation
Community Public Water Systems

Rank	Water System	Total Points	Arsenic Factor	Adjust. Total	State MHI/ PWS MHI	Revised Points	Owner-ship of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
44	Lovelock GID	63			1.21	76.47	Public	PE	NV0000161	3,900	1,300	Chlorination, storage, transmission, distrib., backflow	$13,000,000
45	Imlay	24			2.35	56.31	Public	PE	NV0000226	200	19	Storaage, transmission, distribution	$761,800
46	Topaz Ranch Estates GID	26			1.50	39.03	Public	DO	NV0000239	2,100	736	Upgrade distribution, well and chlorination equipment	$1,005,000
47	Silver Springs MHP	29			1.29	37.55	Private	LY	NV0000267	70	36	New well, transmission, distribution	$130,000
48	Sun Valley GID	29			1.08	31.27	Public	WA	NV0000211	17,000	6,000	Complete 2nd wholesale delivery poin, transmission and distribution improvements	$3,400,000
49	Kingsbury GID	27			1.03	27.88	Public	DO	NV0000004	3,839	2,450	Storage tank, replace water mains, replace gas engines and install electric generators in five booster pump stations, install water meters	$15,580,915
50	Mount Rose	34			0.78	26.69	Public	WA	NV0003030	1,650	793	Nitrate treatment, extend water main to Fawn Lane to connect individual wells	$1,950,000
51	Lyon County - Moundhouse	24			1.10	26.29	Public	LY	NV0000838	1,578	895	Storage, upgrade transmission & distribution	$1,720,000
52	Lamiolle Water Users, Inc	39			0.66	25.81	Private	EL	NV0000273	200	71	New well, storage, transmission, distribution	$1,200,000
53	Kyle Canyon	34			0.71	24.01	Public	CL	NV0000142	1,040	353	New well, storage, distribution, water meters	$3,591,184
54	Sierra Estates	25			0.86	21.50	Public	DO	NV0000030	160	67	Production	$188,000
55	Montello	18			0.94	16.88	Public	EL	NV0000169	289	55	Transmission, storage	$515,000
56	Lightning W	28			0.57	15.92	Public	WA	NV0000865	90	55	Uranium treatment plant	$850,000
57	Steamboat Springs	10			0.92	9.21	Private	WA	NV0000282	998	298	Storage tank interior lining	$75,000
58	Gold Country Water Co.	3			0.88	2.63	Private	HU	NV0003079	950	353	Meters	$300,000
Non Transient, Noncommunity Public Water System													
59	Verdi Business Water Coop	35					Private	WA	NV0005061	100	11	New well, upgrade treatment	$101,250

Total Class III **$44,368,149**

Class IV–Refinance

None $0

State MHI (Median Household Income) *is $44,581 based on 2000 Census.*

PWS MHI *is based on 2000 Census where data is available for the community. If 2000 Census community data is not available, 2000 Census county data, site specific income survery or other appropriate method was used. Contact NDEP for detailed information.*

Appendix 4: Moapa Valley loan summary

APPLICANT: **MOAPA VALLEY WATER DISTRICT – LOAN APPLICATION**

Moapa Valley Water District is on your agenda twice today. First, for SRF loan commitment, which is the item in front of us now, and then this afternoon for grant award. Both the loan and grant are funding for the same project. This Board heard the background on this project at their last meeting when the Letter of Intent for a grant was approved. I will provide the background information for the project.

2 The Moapa Valley Water District is located in Clark County approximately 52 miles northeast of Las Vegas along Interstate 15.

3 The service area of the Water District covers some 79 square miles of unincorporated areas and several rural communities including Moapa, Glendale, Logandale, and Overton areas, serving a total population of about 8,000 customers.

4 The Water District is currently served from four source water sites: the MX 6 Well located north along SR168, the Arrow Canyon Wells, Baldwin Springs, and Jones Springs. All source waters within the area originate from the same general carbonate aquifer system and have similar water quality characteristics.
The total storage capacity is 8.3 million gallons with facilities distributed throughout the 79 square mile service area.

5 A Preliminary Engineering Report was completed in July 2007 to evaluate alternatives for arsenic mitigation and propose the most cost effective solution. The average arsenic concentration for the four sources ranges from 15 – 17 µg/L.

6 Four alternatives were considered:

1. Do nothing
2. Build treatment plants at all three sites – Jones Springs, Baldwin and Arrow Canyon
3. Build two treatment plants -- one at Baldwin and one at Arrow Canyon and pipe Jones water to Baldwin for treatment
4. Build one treatment plant at Arrow Canyon and pipe Baldwin & Jones to Arrow Canyon for treatment

Alternative 3 of building two treatment plants was selected based on cost, and also this alternative has the secondary benefit of looping two significant sole source pipelines on the distribution system.

7 Based upon the results of a 2005 Evaluation of Arsenic Treatment Systems prepared by Black & Veatch and pilot testing conducted in 2003, granular iron-based media treatment process was selected as the preferred treatment by the Water District and its engineers. In this process, raw water is filtered through the media and any arsenic present in the water adsorbs onto the media and treated water is discharged into the distribution system.

8 The PER recommends the following process plan. The Arrow Canyon wells will be combined and treated at a new arsenic treatment plant located at the Arrow Canyon site. Water from the MX-6 Well is currently delivered to the Arrow Canyon & Baldwin Springs transmission line with no customers prior to blending; therefore, the current plan is to blend

the water from MX-6 Well with treated water from the Arrow Canyon wells before either is introduced into the distribution system. The Baldwin Spring source will be treated at a new arsenic treatment plant located at the Baldwin Springs site. The most efficient mitigation for Jones Spring is to pipe it to the Baldwin Springs site for treatment.

9, 10 Both of the treatment facilities will be constructed on land currently owned by the Water District and pipeline construction to and from Jones Spring will occur within the public right of way and utility easements. The Water District completed an environmental review for the USDA. NDEP has determined that the USDA environmental review substantially complies with the NACs governing the DWSRF environmental reviews. USDA determined that proposed project will not have a significant effect on the environment. NDEP concurs with USDA's determination. There is the potential for minor impacts to the desert tortoise and the Moapa dace. In order to avoid or minimize any adverse impacts to these species, the District will be required to incorporate mitigation measures into the project design.

The District is a financially viable operation with the ability to meet costs of continuing operations and maintenance. Increases in rates have occurred over the last two years, and another rate increase of 18% is planned for January 2008. The planned rate structure (including annual rate increases) is adequate to fund operations and maintenance, debt service, and the Board's required restricted capital reserve amounts.

11 The total project cost is currently estimated to be $10,323,000. Cost estimates and inflation predictions are based on recent bids received by the Virgin Valley Water District for its Arsenic Treatment Project. The Water District submitted a pre-application to the Nevada Water and Wastewater Review Committee in June 2007. Subsequent to the pre-application process, the Water District applied for loan and grant funding through the USDA as well as beginning the LOI process for a grant from the AB 198 program.

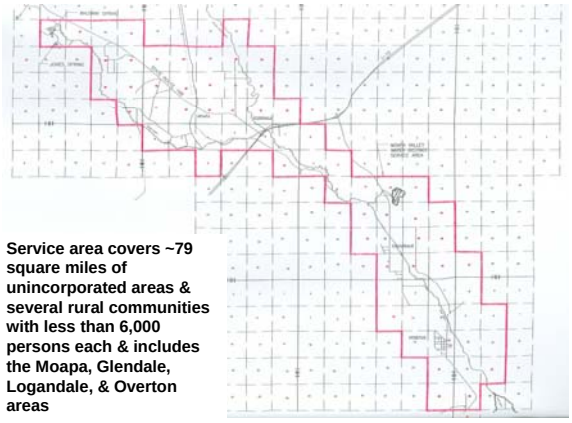
Funding Source	Amount
USDA RD Loan	$2,918,000
USDA RD Grant	$1,905,000
SRF Loan	$1,500,000
AB 198 Grant	$4,000,000
Total	~$10,323,000

12 NDEP recommends that the Board for Financing Water Projects approve a DWSRF loan commitment for $1.5 million to the Moapa Valley Water District. After funding the Moapa loan, $3.9 million will remain in the DWSRF for future loans. Over the next year, the SRF will receive approximately $13 million in additional funds from federal grant, state match and loan repayments bringing the total capacity for new loan commitments over the next year to $17 million.

BRAD HUZA, MOAPA VALLEY WATER DISTRICT
TOM WARD, BOWEN COLLINS & ASSOCIATES

Moapa Valley Water District

Service area located in Clark County ~52 miles northeast of Las Vegas along I-15



Service area covers ~79 square miles of unincorporated areas & several rural communities with less than 6,000 persons each & includes the Moapa, Glendale, Logandale, & Overton areas

Average arsenic concentration for all sources 15 – 17 µg/L

Arsenic mitigation alternatives PER - completed July 2007

Alternatives Considered

- Do nothing
- Treatment Plants at all three sites
- Pipe Jones water to Baldwin for treatment. Treatment plants at Baldwin & Arrow Canyon
- Pipe Baldwin to Arrow Canyon for treatment

Results of analysis & pilot testing

- **Granular iron-based media (GIM) treatment process selected as the preferred treatment**
- **Raw water is filtered through the media, any arsenic present in the water adsorbs onto the media, & treated water is discharged into the distribution system**

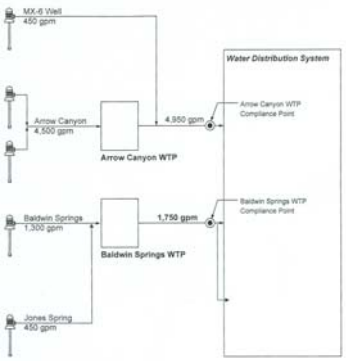


Figure 7-1
Planned Configuration of the Two Water Treatment Plants (WTPs)

Baldwin Springs

Arrow Canyon Wells

Funding Source	Amount
USDA RD Loan	$2,918,000
USDA RD Grant	$1,905,000
SRF Loan	$1,500,000
AB 198 Grant	$4,000,000
Total	~$10,323,000

NDEP recommends that the Board for Financing Water Projects approve a DWSRF loan commitment for $1.5 million

- **$3.9 million remains for future loans**
- **$13 million additional funds will become available over the next year**
- **Total capacity over the next year $17 million**
- **20 year term, interest rate based on appropriate bond buyers index at the time the loan is executed**

Appendix 5: Proclamation in honor of Kurt Kramer

Nevada Department of Conservation & Natural Resources

Proclamation by the members and staff of the Nevada Board for Financing Water Projects:

WHEREAS, Kurt Kramer has been a dedicated and able member of the Board for Financing Water Projects since 1995; and

WHEREAS, Kurt has, through his work on the Board and time as Board Chairman, been an advocate for, supported, and assisted water systems and communities throughout the State of Nevada in providing both safe drinking water and water conservation measures that have allowed them to survive and thrive; and

WHEREAS, Kurt has, through these various and extensive efforts, made a significant and material contribution to the safety, security, and welfare of the people of the State of Nevada; and

WHEREAS, in addition to these many and various public services, Kurt has been an advisor, invaluable colleague, champion of small water systems, and trusted friend to the members and staff of the Board;

NOW, THEREFORE, we, Board members and staff, honor Kurt Kramer for his service to the Board and to the State of Nevada, and express their deepest appreciation and gratitude for his many contributions thereto.

In Witness Whereof, we have hereunto set our hand and caused the Great Seal of the State of Nevada to be affixed in the State Capital, Carson City, this 13th day of December 2007.

Nevada Department of Conservation & Natural Resources

Proclamation by the members and staff of the Nevada Board for Financing Water Projects:

WHEREAS, Kurt Kramer has been a dedicated and able member of the Board for Financing Water Projects since 1995; and

WHEREAS, Kurt has, through his work on the Board and time as Board Chairman, been an advocate for, supported, and assisted water systems and communities throughout the State of Nevada in providing both safe drinking water and water conservation measures that have allowed them to survive and thrive; and

WHEREAS, Kurt has, through these various and extensive efforts, made a significant and material contribution to the safety, security, and welfare of the people of the State of Nevada; and

WHEREAS, in addition to these many and various public services, Kurt has been an advisor, invaluable colleague, champion of small water systems, and trusted friend to the members and staff of the Board;

NOW, THEREFORE, we, Board members and staff, honor Kurt Kramer for his service to the Board and to the State of Nevada, and express their deepest appreciation and gratitude for his many contributions thereto.

In Witness Whereof, we have hereunto set our hand and caused the Great Seal of the State of Nevada to be affixed in the State Capital, Carson City, this 13th day of December 2007.

Appendix 6: Lovelock Meadows Phase II Grant Summary

APPLICANT: **Lovelock Meadows Water District**

PROJECT: **Grant Application for Rehabilitation of a Community Water System – Lovelock Meadows Water District Phase 2 Improvements**

1 Lovelock is located along U.S. Interstate 80 approximately 95 miles northeast of Reno. The Lovelock Meadows Water District serves both the city and valley areas and was formed as a result of a merger between the City of Lovelock, Big Meadow Water Association, and Valley Water Association.

The District is currently ranked on the priority list as a Class III – Rehabilitation project and is intended to address deteriorated, substandard, or inadequate conditions in a public water system.

Serving over 115 square miles, the District service area is very large by rural Nevada standards. Groundwater in the Lovelock area is generally not suitable for domestic use, irrigation, or stock watering because of high concentrations of sulfate, chloride, nitrate, fluoride, and dissolved salts. Note that irrigation water is obtained from the Humboldt River system. Arsenic also appears to be a groundwater concern in the immediate area of the City. The District supplies drinking water from two groundwater wells located at Oreana, approximately 15 miles northeast of Lovelock and has total storage capacity of 4 million gallons.

From 1999 to 2007, the District has obtained loans and grants from both the state grant program and the USDA to install additional storage and disinfection and replace a significant amount old 4-inch ductile iron pipe in downtown Lovelock and undersized pipe to the Lower Valley.

2 During Phase I of a multiphase distribution system improvement project, the majority of the cast iron pipe in the City was replaced with PVC pipe and now meets flow and pressure requirements. In addition, the District has been able to increase system working pressures through two PRVs and effectively increase water pressure to the Lower Valley. Although it has only been four months since the Phase I project completion, District staff is reporting that the replacement of the old pipe and the ability now to operate at normal pressures within the system have greatly increased their ability to schedule necessary maintenance instead of constantly addressing emergency leaks and has decreased the number of customer complaints due to low pressures. Although data are limited, the computed average water loss appears to have decreased from approximately 15.5% to 8%. This information is preliminary and subject to change as Phase 1 of the project was just completed in August 2007 and data collection is ongoing.

The District provided a revised preliminary engineering report with the Letter of Intent for Phase II and future phases of the Lovelock construction project. Even with the completion of a large Phase I project, many problems still exist within the District. The most critical problem reported is the undersized cast iron pipe that exists in Upper Valley and Lower Valley and some parts of the City. Some of this pipe may be over 80 years old and experiences significant leaks. Other problems continue to include dead end lines, inoperable fire hydrants, negative system pressures, and multiple customers on a single meter. It is the opinion of the Bureau of Safe Drinking Water that the

proposed distribution pipeline replacement is made necessary by regulation and the Safe Drinking Water Act.

The District is currently served by two wells located northeast of Lovelock in Oreana. Both wells frequently run more than 50% of an average day. Based on the water system data presented to the Bureau of Safe Drinking Water, the construction of a new well is made necessary by regulation in order for the system to meet average day demand of the water system with the most productive well out of service.

The District does not have a SCADA system. The system currently operates using simple telemetry via phone lines which are prone to service interruptions. Adjustment to the wells that provide water to the system must currently be done manually at the well sites, and a backup generator – located at the well site – must be turned on manually in the event of a power outage. Data recording is not automated. These are just some of the issues that could be resolved with a SCADA system. The project cost estimate for a new well in Oreana includes funding for a SCADA system.

3 The Phase II project will provide the following benefits:

- reduce costly repairs due to leaks allowing more staff time for preventative maintenance
- increase system pressures
- eliminate additional dead-end lines
- reduce the risk of negative pressures
- increase fire flows and fire protection coverage
- increase the total capacity of the system

4, 5, 6, 7

The PER and subsequent initial capital improvement plan provide a general outline for a Phase III project and indicate other future construction projects that may be necessary in order for the system to comply with the requirements for safe drinking water.

As a condition of the grant increase for Phase I of the project approved by the Board at their meeting of November 2006, the District was required to increase their monthly water rates from $39.50 to a minimum of $45.91 (1.5% of median household income) before submitting their last request for payment for the Phase I project. The District Board approved this increase, and it was implemented in August 2007. With the implementation of the new water rates, the District now charges a metered water rate in accordance with the Board's policy. A residential connection using 15,000 gallons per month pays $46.00 per month. There are 185 connections on a stand-by status that are charged a flat fee of $15.00 per month.

8 The District is pursuing funding through the USDA for Phase II of this project. The USDA provided a tentative letter of funding in the form of federal loan and grant. This is not a commitment at this point as the USDA has not, yet, received their funding from the federal government for this fiscal year. A summary of this funding is shown below:

Funding Source	Amount
USDA RD Loan	$2,734,000
USDA RD Grant	$820,000
LMWD Contribution	$630,000
AB 198 Grant	$3,000,000
Total	$7,184,000

RECOMMENDATION

Until the leaking distribution system is upgraded, the District may continue to loose significant quantities of water. Staff reviewed the engineering cost estimate provided in the updated PER with respect to eligible project cost and also suggested changes provided by the USDA. These cost figures are shown in the worksheet at the end of this summary. One item that needs possible scrutiny is the number of fire hydrants estimated for this phase of the project. The hydrants constitute a significant amount as a single line item. The new water line that will be run in Phase II is primarily in highly rural areas with large distances between homes or other buildings.

9 Based on the requirements for safe drinking water and the recommendations of the Bureau of Safe Drinking Water, this application for grant funding for the construction of a Phase II water project is recommended for approval subject to the conditions given. The District is requesting that the Board approve a grant percentage of approximately 41.76%. The grant amount should not exceed a total of $3,000,000 (approximately 41.76% of eligible project costs estimated to be $7,184,000 – as amended by the letter of November 2, 2007, from the USDA) and is subject to the conditions given below. The funding agreement will be for a term not to exceed 5 years and construction must begin no later than the second year of the grant term in accordance with Board policy.

10

	Eligible Project Cost	Grant Amount
Construction	**$5,840,000**	**$2,438,753**
Contingency	**$584,000**	**$243,875**
Engineering	**$760,000**	**$317,372**
Total	**$7,184,000**	**$3,000,000**

CONDITIONS

1. The Lovelock Meadows Water District is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.
2. All assets that are funded by the AB 198 grant program are subject to the Board's policy on funding a restricted capital replacement account.
3. The Lovelock Meadows Water District must demonstrate that it has obtained all funding outlined in this summary. In the event that funding from the USDA does not become available, the District must demonstrate that it has secured alternate match funding before any construction bids may be awarded.

Ryan Collins and Kristy Berge of the Lovelock Meadows Water District and Susan Jorgensen and Brent Farr from Farr West Engineering are here to provide further information on this project and answer your questions.

1

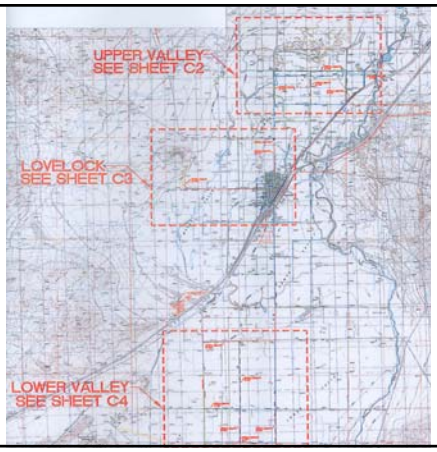
Phase I

2

The Phase II project will provide the following benefits:

- reduce costly repairs due to leaks allowing more staff time for preventative maintenance
- increase system pressures
- eliminate additional dead-end lines
- reduce the risk of negative pressures
- increase fire flows and fire protection coverage
- increase the total capacity of the system

3



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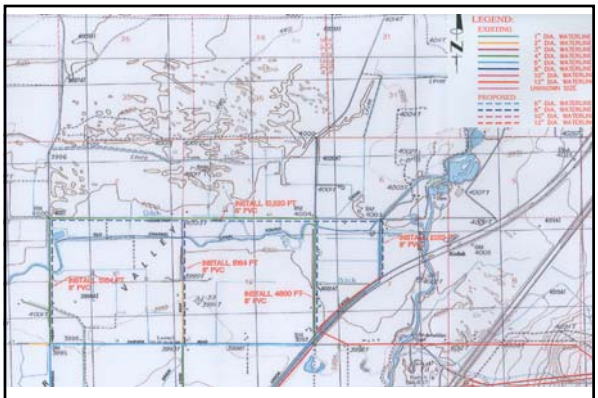

Upper Valley

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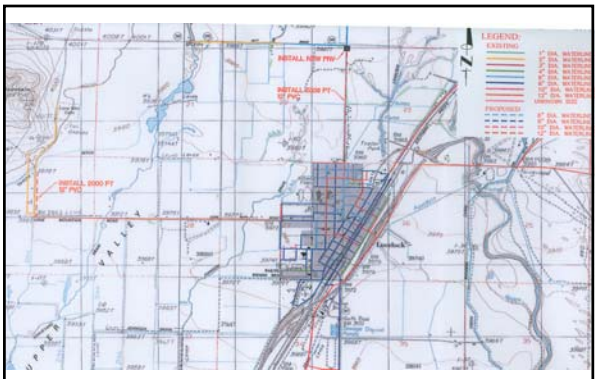

Lovelock

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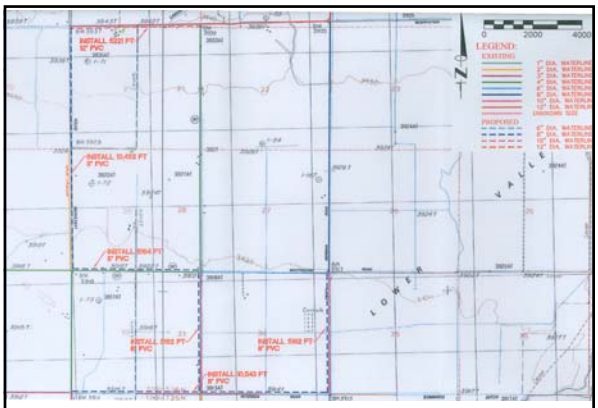

Lower Valley

Funding Source	Amount
USDA RD Loan	$2,734,000
USDA RD Grant	$820,000
LMWD Contribution	$630,000
AB 198 Grant	$3,000,000
Total	~$7,184,000

The grant amount should not exceed a total of $3,000,000

- **~41.76% of eligible project costs estimated to be $7,184,000**
- **Funding agreement term not to exceed 5 years & construction must begin no later than the 2nd year of the grant term**
- **Subject to the conditions given in the staff report**

	Eligible Project Cost	Grant Amount
Construction	$5,840,000	$2,438,753
Contingency	$584,000	$243,875
Engineering	$760,000	$317,372
Total	$7,184,000	$3,000,000

Appendix 7: Progress Report for Funded AB198/AB237 Projects

PROGRESS REPORT ON OPEN PROJECTS

DECEMBER 2007

GRANTEE	DATE APPROVED	GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Walker Lake	12/10/97	$1,143,447.00	Farr West	Mark Nixon	Apr-07	Land was not secured from the military as expected. The engineers and hydrogeologists are planning a new well on GID property but away from the influence of Walker Lake. Although the GID indicated that this well would be completed this year, no further progress has been made to date.
Storey Co for Virginia City	8/29/01	$1,503,096.00	CSA	Marilou Waling	Oct-07	Due to the discovery of artifacts during the BLM required cultural survey, the area available for the two planned tanks was reduced and only one raw water tank was installed. The bolted tank is now complete and the project is closing.
City of Caliente	3/14/02	$2,021,314.72	Amec & Sunrise Engineering	April Nelson	May-07	Staff made a site visit to Caliente with a representative from Master Meter in the spring of 2007. A summary of the findings was forwarded to the Board. Caliente retained the services of Sunrise Engineering to assist in getting the meters on-line. Although they have made progress on getting all of the equipment in place and software corrected, Caliente is now stating that they will not implement a metered rate until later in 2008.
Walker River Irrigation District	3/13/02 1/22/07	$6,685,163.19	Farr West Lumos RO Anderson Black Eagle	Ken Spooner	Oct-07	The Board visited the project site in Sept 2007. Considerable progress had been made on the diversion structure, spillway, and levee at that time. Currently the project is expected to be completed by the end of December 2007.
Kingsbury GID	6/26/02 8/23/06	$9,505,311.39	Amec	TBD	Sep-07	All but one section of pipeline (Palady Perkins) is now complete on the project. The Board made a visit to the tank site in September 2007. KGID is focusing its energy on obtaining a new tank site for Tank 10B. A likely site has been identified and approval is still being sought from the USFS and Heavenly Ski Resort, which share control of the property. If approval does not appear promising, the district will pursue replacement of existing Tank 10A. The district's preferred alternative is to construct a new Tank 10B while Tank 10A is still on line.
Wells	12/5/02	$1,102,310.09	TRW Engineering	Jolene Supp	Jul-06	The installation of the well, well house, chlorination system, and SCADA are now complete. Design and bid documents are complete for the new tank and water line. The City plans to bid the tank project in the spring of 2008.
Hawthorne PER	12/16/04	$42,500.00	Farr West	Steve Gustafson		The water audit is complete. The master plan has been completed, including the background, existing conditions, proposed improvements, mapping, water rate analysis, and environmental information. A water model is also apparently complete. The County is asking for additional information to be addressed regarding the old Babbitt area, as a large development may be relocating to the area and may put a strain on existing infrastructure. The post-PER work has yet to be accomplished, such as the environmental report and applications for funding. No updates have been received.

PROGRESS REPORT ON OPEN PROJECTS

DECEMBER 2007

GRANTEE	DATE APPROVED	GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Elko Co for Jarbidge	12/16/03	$1,287,700.70	Stantec	Lynn Forsberg		The treatment plant is complete and in operation. Certification of the plant is complete. BSDW completed a sanitary survey of the system in Sept 2007 and lifted the boil water order. Project close out is in progress.
Washoe Co for Heppner Subdivision	3/31/04	$1,280,300.00	Washoe County	John Nelson	May-07	Heppner Waterline Extensions Phase 1-3 and 5a are complete. The County acquired the Grant of Right-of-Way for the new storage tank site from the BLM. The improvements to Lemmon Valley Well #8 are on hold until the tank is on line. Washoe Co has the facility plan that accounts for future water from Fish Springs Ranch. Contri construction is currently installing the 38-mile pipeline with booster pump system and wells. The new storage tank at the Heppner subdivision may increase from 0.6 to 1.5 Mgal. New development must fund the increase in the tank size. Negotiations are still in progress.
Churchill County	7/20/04 4/05 8/23/06 11/9/06	$3,667,667.54	Brown & Caldwell/ V-Point	Brad Goetsch	Aug-07	The Sand Creek Well, new storage tank, distribution system, operations center/treatment plant, and well house are complete and on-line. The tie-in of Jetway Chevrolet and both West Star and Virginia MHPs are still pending.
Lovelock Meadows	10/19/04 11/9/06	$2,806,284.99	Farr West	Ryan Collins	Jul-07	Phase 1 of this project was completed in July 2007. Project close out is in progress.
Nye Co for Manhattan PER	10/19/04 11/3/05	$85,000.00	Day Engineering	Samson Yao	Aug-07	The Pipe Spring borehole in the town of Manhattan was pump tested in Aug 2007. Early test results indicate that this location may produce water that meets the Safe Drinking Water arsenic concentration requirements. The County and Day Engineering are finalizing the PER and preparing a Letter of Intent to submit an application for a construction grant to bring Manhattan into compliance.
Golconda GID	1/27/05	$956,478.75	Farr West	Becky Trigg	Jul-06	A&K began construction in Nov 2007. Pipeline and tank are expected to be constructed concurrently with completion anticipated in the late spring 2008.
Washoe Co for Spanish Springs	1/27/05	$4,000,000.00	Washoe County	John Nelson	May-07	The Phase 1A sewer project is complete and 171 homes have abandoned their septic systems and connected to the new sewer line to date.
Virgin Valley Water District	1/27/05	$2,000,137.00	Bowen, Collins & Associates	Mike Winters	Mar-06	The Scenic reservoir construction is complete from Well No. 30 to the distribution system. The new coagulation-filtration arsenic treatment facilities for the 2 Bunkerville plants were redesigned to include lined infiltration ponds to handle the backwash water. VVWD recently awarded the construction contract to MMC. The 3 Mesquite treatment plants will be built first and are in progress. The 2 Bunkerville treatment plants will be constructed after the Mesquite plants are completed. These 2 facilities have partial funding from the state grant program

PROGRESS REPORT ON OPEN PROJECTS

DECEMBER 2007

GRANTEE	DATE APPROVED	GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Douglas Co for Sheridan Acres	4/27/05 3/14/07	$1,632,119.63	Douglas County	Ron Roman	Sep-07	The well, well house, and CO2 stripper, new storage tank, and service connections/meters are complete and on-line. The Board made a site visit to the new facilities in Sept 2007. Project close out is in progress.
Goldfield Arsenic PER	8/04/05	$29,750.00	Lumos	Lori Dunn	Jul-07	Treatment and non-treatment options were investigated. Three pilot tests, one bench test, and one computer simulation were completed. Finalization of the PER is still in progress.
Metropolis Irrigation District	1/25/06	$489,467.40	Dyer Engineering	Vernon Dalton	Jun-07	Engineering design and environmental and cultural assessment for BLM permitting is currently in progress. Easements for the roadway alignment are currently being pursued. The District hopes to submit a construction grant application by the next Board meeting.
Douglas Co for Cave Rock	1/25/06	$476,089.25	Douglas Co	Ed Mason	Sep-07	Construction of the new storage tank is complete and the tank is on line. The Board made a site visit of this project in Sept 2007. Project close out is in progress.
Moundhouse PER	5/3/06	$12,750.00	Farr West	Mike Workman		Staff is awaiting copies of the final PER.
Beatty Arsenic PER	5/3/06	$51,850.00	Farr West	Jim Weeks		Water samples have been taken to get additional data on water quality. Arsenic treatment system vendors have been contacted in order to determine the feasibility of pilot testing. A bench test was run on the water and results are pending. Well EW4 is back on line and pilot testing at this well is expected to begin in the spring of 2008.
Yerington Arsenic PER	5/3/06	$47,600.00	Farr West	Dan Newell		Sampling of 4 city wells was completed. Pilot testing began in April 2007 and complete. The pilot testing included pH adjustments and a media switch to determine effects on arsenic removal. Staff is awaiting copies of the final PER. It does not appear that Yerington will seek state grant funding for the construction of arsenic treatment facilities.
Pershing Co Water Conservation District	5/3/06	$3,956,282.50	Farr West & Dyer Engineering	Bennie Hodges	Jul-07	The failure of the Rogers Dam in late July 2006 created an emergency need to reallocate grant funds to a cofferdam and design of a replacement for the Rogers Dam. The cofferdam was completed in August 2006 and the by-pass around the Rogers Dam/cofferdam was completed prior to the start of the irrigation season in March 2007. The only other construction element of this project that was released for grant funding at this time was the replacement of the diversion structures for the Old Channel/Union Canals as they had match funding from the BOR for only the next year. The diversion structure was also completed in March 2007. The Board awarded additional grant funding at the Sept 2007 Board meeting for the construction of a new Rogers Dam. The dam construction started in Nov 2007 and is being done by Q&D Construction.

PROGRESS REPORT ON OPEN PROJECTS

DECEMBER 2007

GRANTEE	DATE APPROVED	GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Kingston GID	5/3/06	$2,726,309.70	Day Engineering	Shannon Thiss Dean Day	Oct-07	The pipeline and appurtenances are now complete for this project. Final project walk-through and close out is expected by Jan 2008.
Pershing Co for the Town of Imlay	8/23/06	$563,993.96	Farr West	Celeste Hamilton	Jul-06	Engineering design is in progress. NDOT permitting is complete. Design should be submitted to BSDW for approval in December 2007.
Stagecoach GID	8/23/06	$2,210,089.19	Nichols Consulting	Lynn Arndell	Sep-07	The pipeline, new storage tank, and booster pumps are now installed. The system is in the start-up process with final project walk-through expected in Dec 2007.
LVVWD for Searchlight	8/23/06	$2,536,522.34	LVVWD	Shweta Bhatnagar	Aug-07	All four exploratory wells are now complete to 1000-ft. Results of the air-lift testing are being analyzed to determine which two wells will become production wells to replace S1 and S2. The remaining two holes will become monitoring wells. An approved EA was required by the BLM prior to exploratory drilling and another EA is now required by the BLM for construction of production wells, pipeline, and appurtenances. With long approval time from the BLM, construction of the new production wells is not expected to begin until approximately December 2008 or later.
Gabbs PER	3/14/07	$25,925.00	Day Engineering	Samson Yao		Initial reports from work on the PER indicate that blending may be possible to eliminate the fluoride issues.
Topaz Ranch Estates	3/14/07	$1,471,452.01	TEC	Bill Maher		The funding agreement was signed in Oct 2007. Engineering design for the new well and pipeline are in progress.
Lyon Co Utilities for Crystal Clear	9/20/07	$2,663,635.00	Farr West	Mike Workman	Oct-07	A kick-off meeting was held in Oct 2007 between Lyon Co Utilities, the City of Yerington, and Farr West Engineering to review the project and create a project work list.

AB198/237 Project Status

1




WRID Diversion Structure

2



WRID Spillway

3

According to structural design engineers, bowing of 1 ¼-inch on the diameter is normal based on the tank loading.

The Virginia City tank was measured and met this amount of design bowing.

4




5

Appendix 8: SB62 Financial Summary

BOARD FOR FINANCING WATER PROJECTS
SB62 FINANCIAL SUMMARY

PROJECT NAME	GRANT AMOUNT	GRANT USED	GRANT REMAINING
Central NV Regional Water Auth.	150,000.00	68,709.69	81,290.31
Churchill County	36,500.00	36,500.00	
Esmeralda County	16,245.85	16,245.85	
Eureka County	120,000.00	60,000.00	60,000.00
City of Fernley	38,680.59	24,671.25	14,009.34
Gerlach GID	92,833.42	31,821.62	61,011.80
Humboldt River Basin Water Auth.	120,000.00	85,165.93	34,834.07
LVVWD - Kyle Canyon	27,184.72	19,168.71	8,016.01
LVVWD - Searchlight	150,000.00		150,000.00
Topaz Ranch Estate GID	5,221.88		5,221.88
Town of Tonopah	11,250.00	9,954.02	1,295.98
Virgin Valley Water District	116,041.77	67,013.35	49,028.42
White Pine County	116,041.77	104,992.00	11,049.77
TOTALS	1,000,000.00	524,242.42	475,757.58

SB62 Program Summary - Inception to present

Total Grant Funds	1,000,000.00
FY 06 Expenditures	45,888.68
FY 07 Expenditures	398,263.00
FY 08 Expenditures	80,090.74
Total Grant Funds Used	524,242.42
Remaining Authority	475,757.58

Budget Account 3175 - Summary of FY08 Activity through 11/26/07

Beginning Cash	300,000.00
Balance Forward	255,848.00
Total Receipts / Funding Available	555,848.00
Total Payments to Grantees to Date	80,090.74
Current Funds Available for Grants	475,757.26

Appendix 9: SB62 Project Summary

SB 62 PROJECT REPORT
DECEMBER 2007

Project	Grant Amount	Project Summary
Humboldt River Basin Water Authority	$120,000.00	Assemble existing information into a water resources data base in support of threats to water rights. Develop recommendations for collection of additional necessary data. Develop a public information program. Deliver a summary report for each county describing available forecast of economic/demographic conditions and related water.
Esmeralda County	$16,245.85	The project was planned to conduct a physical reconnaissance of the County's present water uses and existing water rights and develop a strategy to enhance and protect the County's water rights to ensure present and future water demands can be met as well as preparing a Water Rights Management Plan. All water rights identified in four hydrographic basins were reviewed. A field reconnaissance trip was conducted with the State Engineers office to physically site in the locations for the point of diversion for water rights and ascertain the manner by which the appropriated water is being exercised. Progress Report, June 2007: The Esmeralda County Water Rights Plan is complete and available electronically on NDEP's website at http://ndep.nv.gov/bffwp/esmeralda%20_county_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).
Town of Tonopah	$11,250.00	Assemble all active surface and groundwater rights for Ralston Valley Hydrographic Basin No. 141, Big Smokey – Tonopah Flat Hydrographic Basin No. 137, and Alkali Spring Valley Hydrographic Basin No. 142. Progress Report, April 2007: In an effort to reduce costs, town employees gathered information from the Nye County Courthouse records for this project. The project is estimated to be approximately 50% complete at this time. A progress meeting will be held 4/17/2007 with the Tonopah Public Utilities and Town Officials to review the information gathered to date.
Churchill County	$36,500.00	Update of the County's Water Resources Plan for surface and groundwater resources. Review of all county records relating to water resource requirements, both existing and projected. Update of the water resource ownership in the County. Progress Report, June 2007: The Churchill County Water Resources Plan update is complete and available on the County's website at http://www.churchillcounty.org/planning/waterplan.php and is linked to NDEP's website at http://ndep.nv.gov/bffwp/sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).
Eureka County	$120,000.00	Compile and develop a database of existing water-level data and supporting hydrologic information as the basis for developing a baseline of water-level measurements for Nevada's Central Hydrographic Region. Create maps showing a spatial distribution of existing water level data. Progress Report, May 2007: In progress: 1) mapping discharge areas and verifying ET rates; and 2) drilling, strat. sections, and water level measurements. Awaiting final deliverables prior to making final payment.

SB 62 PROJECT REPORT
DECEMBER 2007

Project	Grant Amount	Project Summary
Gerlach	$92,833.42	A database of spring flow and quality and a groundwater model will be developed to determine any changes that might result from the proposed development in the basin that might adversely affects the two springs (Garden and Railroad Springs) that provide water to Gerlach. Progress Report, January 2007: Data loggers & flow meters have been installed at springs; Monitoring of water level and discharge rate from the springs is currently in progress and will be used in calibration of the groundwater model.
LVVWD – Kyle Canyon	$27,184.72	Install 100 Permalog units for the detection of subsurface leaks and acquisition of a Patroller unit for data collection. This system will allow operators to find and repair leaks, protecting millions of gallons of water previously lost to the system. Progress Report, December 2006: 30 leak detection units have been installed in the Rainbow subdivision. The balance of the work will be completed after the product has been proven suitable to the area's winter conditions. The remaining work should be completed by summer 2007.
City of Fernley	$38,680.59	Reconcile all past and future mapping difficulties by attempting to develop a new GIS map of all Truckee Diversion surface water rights within the City of Fernley. Progress Report, June 2007: Data on all deeds relating to water rights transfers to the City of Fernley have been obtained and included in a database. Initial mapping of both sections 10 and 13 are in progress.
Virgin Valley Water District	$116,041.77	Analyze water quality information from throughout the watershed region to develop a conceptual model of groundwater flow, mixing and hydrologic connection through naturally occurring chemical tracers, and develop a steady-state representation of the predevelopment conditions of the regional groundwater flow systems utilizing modifications of previous models to develop a comprehensive numerical model.
White Pine County	$116,041.77	Update information (including: hydrogeologic framework, groundwater hydrology, and regional groundwater flow system) on County's water resources and update the Water Resources Plan to assist in identifying potential water use and needs based on scenarios for growth and development. Progress Report, June 2007: A draft of the County's Water Resources Plan has been produced and is now in review.
LVVWD – Searchlight	$150,000.00	Drill and develop 4 new monitoring wells to better understand the groundwater resource and groundwater quality in Paiute Valley and the Eldorado Valley Basins. One of the 4 wells will be funded by this grant. Progress Report, Dec 2006: LVVWD is evaluating site locations in Piute Valley for potential monitoring wells. The project schedule includes an Environmental Assessment and rights-of-way by February 2008; Bidding completed by June 2008; and Monitoring wells completed by December 2008.

SB 62 PROJECT REPORT
DECEMBER 2007

Project	Grant Amount	Project Summary
Topaz Ranch Estates	$5221.88	Identification and mapping of proposed point of use/place of diversion for the existing 9 water rights permits. Progress Report, Sep 2007: The GID was awaiting final easement on the new well to begin this project. The easement was finalized in August 2007.
Central Nevada Regional Water Authority	$150,000.00	Compile and document the baseline information required to determine long-term changes in groundwater levels in the Central Hydrographic Region (including: Churchill, Elko, Esmeralda, Eureka, Lander, Nye, & White Pine counties) in order to evaluate the sustainability of present groundwater supplies secured under existing water rights, analyze the impacts of future development, and support future actions by local governments. Progress Report, April 2007: Completed to date: 1) a spreadsheet containing water-level data, supporting database attributes and data-quality information; 2) maps showing spatial distribution of water-level data; and 3) analysis of data gaps. In progress: 1) summary report that documents methods and findings and identifies areas needing additional new water-level measurements; and 2) modifications and expansions of NSWR Facilities Map application. A last step includes the development of a website.

Appendix 10: Draft policy on funding levels for irrigation projects

BOARD FOR FINANCING WATER PROJECTS POLICY	DATE 12/13/07	PAGE Page 1 of 3
SUBJECT: FUNDING LEVEL FOR IRRIGATION PROJECTS		

STATEMENT OF POLICY:

It is the policy of the Board for Financing Water Projects to provide a reasonable level of support for water conservation projects associated with irrigated agriculture, recognizing both the important economic role of agriculture in rural Nevada communities and other competing needs for available funds.

PURPOSE:

To establish a policy for determining the amount of grant funds the Board for Financing Water Projects can award for irrigation projects and a reasonable level of required matching funds.

REFERENCE:

NRS 349.981 1(b) provides that water conservation improvements related to irrigation systems are eligible to receive grant funds awarded by the Board for Financing Water Projects. Eligibility for these water conservation projects was included in AB 237, adopted by the 1999 Nevada Legislature. This bill also increased the bonding authority for the grants program from $40 million to $50 million. NRS 349.381 2 gives the Board sole discretion of who is to receive a grant.

BOARD POLICY:

1. In 1999, when the Nevada Legislature expanded grant eligibility for water conservation projects associated with irrigation, 20% of available bonding authority was essentially earmarked for this purpose. Based on this allocation, it is the policy of the Board to limit new grant awards for eligible irrigation projects to an amount not to exceed 20% of the total funds currently available for new grants. This limit will be applied at each Board meeting. For example, if $40 million of authority is available for new grants at the next Board meeting, then up to $8 million may be committed to new grants related to water conservation and irrigation.

2. The Board may fund up to 85% of eligible project costs for irrigation projects deemed eligible for grant funding pursuant to NRS 349.981 when the applicant has shown they are unable to fund the project or obtain alternate funding from other sources. The following scale shall be used to determine the grant scale and amount of local match:

	POINTS	MAX PTS
I. Water Conservation.		
A. Project will improve the efficiency of the irrigation system through:		
1. piping or lining of irrigation canals;	5	5
2. recovery or recycling of wastewater or tailwater;	5	5
3. measurement or metering of the use of water;	5	5
4. improvements in irrigation system operations.	5	5
II. Finance and Planning.		
A. Applicant has implemented a facility maintenance plan;	5	5
B. Applicant has developed a long term capital improvement plan;	5	5
C. User fees support a reasonable capital reserve fund.	10	10
III. System Capacity and Economic Benefit.		
A. Number of system users:		
more than 500	10	10
100 to 500	5	
10 to 100	2	
less than 10	0	
B. Irrigated acreage:		
more than 100,000 acres	5	5
10,000 to 100,000 acres	3	
less than 10,000 acres	1	
C. Storage capacity:		
more than 100,000 ac-ft	5	5
10,000 to 100,000 ac-ft	3	
less than 10,000 ac-ft	1	
IV. Other benefits of the system and/or project.		
A. Improves flood control for downstream population centers	10	10
B. Provides significant recreational opportunities	10	10
C. Enhances tourism	5	5

V. Deductions.		
A. Applicant did not perform adequately on prior grant project as demonstrated by preventable project delays and cost over-runs.	-20	
B. Applicant failed to submit required financial and progress reports for prior grant project.	-10	
	MAX. PTS	85

MAXIMUM POINTS ARE 85
MAXIMUM GRANT AMOUNT IS 85% OF ELIGIBLE PROJECT COSTS

Number of points_____ /3 =_____ + 57.1 = Grant Percent _____**%**

Grant Amount = ___% x eligible project costs of $_____= a grant of $_____

Eligible Project Costs of $_____ less the grant amount of $_____ =

the amount of matching money required from other sources, $_____

Proposed scale to determine grant amount for irrigation projects
February 29, 2008

	POINTS	MAX. PTS	Example 1. Large system; Financial plan; Other benefits	Example 2. Med. System; Financial plan; Other benefits	Example 3. Small system; No financial plan; Limited benefits
I. Water Conservation.					
A. Project will improve the efficiency of the irrigation system through:					
1. piping or lining of irrigation canals	5	5	5		
2. recovery or recycling of wastewater or tailwater,	5	5			
3. measurement or metering of the use of water,	5	5	5	5	
4. improvements in irrigation system operations.	5	5	5	5	5
B. Project will conserve water and contribute to downstream uses and users.	5	5	5	5	
C. Impact of project on groundwater recharge has been adequately evaluated.	5	5	5		
II. Finance and Planning.					
A. Applicant has implemented a facility maintenance plan;	5	5	5	5	
B. Applicant has developed a long term capital improvement plan;	5	5	5	5	
C. User fees support a reasonable capital reserve fund.	10	10	10	10	
III. System Capacity					
A. Number of system users:					
more than 250	5	5	5		
100 to 250	3			3	
10 to 100	1				
B. Irrigated acreage:					
more than 40,000 acres	5	5	5		
10,000 to 40,000 acres	3			3	
less than 10,000 acres	1				1
C. Storage capacity:					
more than 50,000 ac-ft	5	5	5		
10,000 to 50,000 ac-ft	3			3	
less than 10,000 ac-ft	1				1
D. Economic benefit:					
Project results in availability of new water resource	5	5			
Project restores irrigation storage and diversion systems	3			3	3
Project maintains existing irrigation systems	1		1		
IV. Other benefits of the system and/or project.					
A. Improves flood control for downstream population centers	10	10	10	10	
B. Provides significant recreational opportunities	10	10	10	10	10
C. Enhances tourism	5	5	5	5	5
V. Board evaluation of project value and need.	5	5	5	3	1
VI. Deductions.					
A. Applicant did not perform adequately on prior grant project as demonstrated by preventable project delays and cost over-runs.	-20				
B. Applicant failed to submit required financial and progress reports for prior grant project.	-10			-10	
	MAX PTS	**100**	91	65	26
	BASE GRANT %	57.1	57.1	57.1	57.1
* Items highlighted in yellow were added after the Irrigation Policy Workshop that was held on 2/12/08.	DIVISOR	3.58	3.6	3.6	3.6
	ADJUSTED PTS	27.9	25.39	18.14	7.25
	GRANT AWARD %	**85**	**82.5**	**75.2**	**64.4**